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## Introduction

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Local educational agencies (LEAs) are in a state of transition with respect to the standardized account code structure (SACS). A significant number of LEAs have converted their account codes to the new structure, and more are expected to convert each year. However, for the near future, some LEAs will continue to use their locally developed account code structure. This edition of the *California School Accounting Manual* continues to serve as a transition manual, providing guidance to SACS and non-SACS LEAs until all LEAs have converted to using SACS.

*Education Code* Section 41010 requires LEAs to follow the procedures in the *California School Accounting Manual*. Part I contains all the procedures that LEAs are required to follow. Those LEAs that have converted or are converting to SACS will, with some exceptions, use the information in Part II to supplement the information in Part I.

Part II, “Standardized Account Code Structure,” changes the account codes that LEAs use to record transactions. It does not, however, change the accounting policies used by LEAs, which include:

- Revenue and expenditure recognition policies
- Fund types used to record transactions or the types of transactions recorded
- Methods of posting transactions or adjusting accounts
- Basis of accounting used
- Documentation required to substantiate transactions
- Year-end closing process, including the recording of accruals and deferrals

LEAs using SACS should discontinue the use of the following procedures in Part I and instead use the appropriate portions of Part II.

<b><i>Part I</i></b> <b><i>Procedure Number</i></b>	<b><i>Impact of the Standardized</i></b> <b><i>Account Code Structure</i></b>	<b><i>Part II</i></b> <b><i>Section</i></b> <b><i>References</i></b>
203	Standard fund numbers are assigned to the funds used by LEAs.	101
204	New account numbers are assigned to some of the balance sheet accounts.	106
301	The account numbers for revenue and other financing sources are changed.	106
401	The account numbers for expenditures and other financing uses are changed.	106

Accounting personnel should be familiar with the principles and statements issued by the Governmental Accounting Standards Board (GASB), which is recognized nationally as the primary standard-setting body for governmental accounting. The principles and statements of GASB are available in its publication titled *Codification of Governmental Accounting and Financial Reporting Standards*, available from:

Governmental Accounting Standards Board  
P.O. Box 30784  
Hartford, CT 06150  
(800) 748-0659  
<<http://www.rutgers.edu/Accounting/raw/gasb/pub/index.html>>

In addition, the Government Finance Officers Association publishes *Governmental Accounting, Auditing, and Financial Reporting*, which provides detailed guidance in applying the principles and statements of GASB. This publication is available from:

Government Finance Officers Association  
203 N. LaSalle St., Suite 2700  
Chicago, IL 60601-1210  
(312) 977-9700  
<<http://www.gfoa.org>>

The *California School Accounting Manual* should not be expected to provide guidance on every possible transaction. If you encounter problems that are not addressed in the manual, you should consult GASB's publication or contact your independent auditors, your county office of education, or the California Department of Education, School Fiscal Services Division, (916) 322-1770, for technical assistance.

Suggestions and comments about the information in this manual should be directed to:

California Department of Education  
School Fiscal Services Division  
Financial Accountability and Information Services  
1430 N Street, Suite 3800  
Sacramento, CA 95814  
Phone: (916) 322-1770  
E-mail: [sacsinfo@cde.ca.gov](mailto:sacsinfo@cde.ca.gov)